



Marketing Australian red meat in Australia and around the globe



Meat & Livestock Australia (MLA) is a producer-owned company committed to world leadership for the Australian red meat and livestock industry.

Our core activities are:

- increasing market access
- improving competitive advantage
- building demand for Australian red meat

To encourage demand in a competitive environment, Meat & Livestock Australia (MLA) promotes the quality attributes of Australian red meat to both the domestic market and a wide range of customers in international markets.

Marketing red meat in Australia

The domestic market is the largest market for Australian beef and sheepmeat. Building and sustaining this domestic demand is therefore a core focus for MLA.

MLA undertakes programs to stimulate demand in Australia through influencing consumer attitudes, building confidence in the quality and integrity of our product and enhancing the appeal of our meat products by promoting them as nutritious, delicious and quick and easy-to-prepare meals.

Marketing red meat around the world

Australia is the world's largest exporter of red meat and livestock, exporting to more than 100 countries.

MLA continues to defend and improve access in our overseas markets. This strategy combined with marketing programs, aims to differentiate Australian red meat in our export markets offering enhanced customer enjoyment.

Australia's clean, natural image and our reputation as a reliable supplier of safe, quality red meat underpin MLA's international marketing activities.



Marketing red meat in Australia

The domestic market is the largest market for Australian beef and sheepmeat and this continues to grow.

Since 1997-98, the domestic red meat category has grown from \$5.4 billion to \$8.0 billion. An increase of \$2.6 billion or 48%.

	Beef	Lamb
Demand	↑ 13 points	↑ 26 points
Consumer expenditure	↑ 49%	↑ 71%

Growing consumer demand

There are five key areas of influence on consumer demand for red meat that form the basis of industry strategy. A prosperous and growing market depends on strong industry-wide performance in all five areas. We refer to these five key areas as the five pillars of demand.

The five pillars of demand

The five pillar strategy ensures that our programs are addressing and reducing the consumer barriers to demand as well as enhancing and promoting the drivers of demand.

Pillar 1: Integrity

Integrity refers to our industry and product reputation for being safe, responsible and ethical.

Our programs under the integrity pillar include:

- **Quality assurance**
End-user adoption of QA in buying specifications.
- **Opinion leader communications**
Communicating industry practices and programs in production, environment and animal welfare.

- Australian consumers see the red meat industry as ethical and trustworthy.
- 76% of consumers say they “have no concerns about the safety of Australian beef”.
- 75% say they “have no concerns about the safety of Australian lamb”.



Pillar 2: Enjoyment

Enjoyment refers to the consumer perceptions of quality, taste and popularity of our products.

Our programs under the enjoyment pillar include:

- **Quality improvement**
End-user adoption of Meat Standards Australia (MSA) science in training, buying specifications and merchandising.
- **Lamb promotion**
The ongoing ‘We love our Lamb’ campaign.
- **Beef promotion**
Promoting beef enjoyment.

- We are continually ‘fusing’ more ethnic foods into our repertoire – our tastes have become more multicultural.
- Predominant meals in Australian households are now spaghetti bolognese and stir-fries.
- 1 in 2 consumers enjoy cooking.
- 80% of consumers rate beef quality as 7 or more out of 10 and 80% rate lamb quality as 7 or more out of 10.

Pillar 3: Nutrition

Nutrition refers to the consumer perception that red meat is essential in the diet.

Our programs under the nutrition pillar include:

- **Nutrition research**
Research to justify, defend and promote red meat in the diet.
- **Issues management**
Identify and address current and emerging red meat nutrition issues (both opportunities and threats).
- **Health professionals communication**
Gaining support from key health influencers through communication campaigns to GPs and dietitians and partnership programs.
- **Consumer communication**
The ongoing ‘Red Meat. Feel Good’ campaign.

- Australians will increasingly embrace the health and wellbeing philosophy, particularly the younger generations.
- Our population is ageing – preventative health, with a focus on nutrition will be an integral part of health management.
- Obesity is reaching epidemic levels – over half the adult population and over one quarter of children are overweight or obese.



Pillar 4: Convenience

Convenience refers to the availability of our product to purchase and the ease with which it can be used.

Our programs under the convenience pillar include:

- **Retail promotion**
Raising standards of retail presentation and promotion.
- **Foodservice promotion**
Promoting beef and lamb as menu solutions for foodservice operators.
- **New products**
Encourage, assist and support product innovation initiatives.

- Australians are spending more time at work which means time pressure at home is increasing.
- The number of women in the workforce has been steadily increasing over the years and a large proportion of these are mums with young children.
- The availability of time for cooking is reduced when both partners are working.
- Lengthier cooking methods, such as baking/roasting are more likely to be used on the weekend, while quick cooking methods, such as pan frying are more likely to be used on weekdays.

Pillar 5: Value for money

Value for money refers to the benefits/price equation – the consumer needs to see perceived benefits for the price paid.

Our programs under the value pillar include:

- **Supply chain efficiency**
End-user input into and adoption of MLA supply chain technologies and systems.
- **Media relations**
Ongoing frequent and positive industry and category messages through the main media.

- Australian households spend an average of \$883 each week on household goods and services. This is up \$184 from 1998–99.
- Housing costs are up \$38 a week – an increase of 39% from 1998-99, due to increased mortgage interest payments.
- Consumer perceptions of value for beef are very positive. 67% believe beef is excellent value.

'Red Meat. Feel Good' campaign

RED MEAT. Feel good.

The 'Red Meat. Feel Good' campaign has now been celebrating the health and nutritional benefits of eating lean red meat for over three years.

Since its launch in February 2002, this campaign has been the catalyst for changing community attitudes towards red meat and has contributed to growing consumer demand as well as driving innovative change and renewed pride and confidence within the red meat industry and retail sectors.

Television commercials capture consumer hearts and minds

The 'Red Meat. Feel Good' TV commercials celebrate the benefits of eating red meat with 'The Red Meat Vitality Boogie' at the end of each ad. The boogie scene effectively captures the feeling of 'vitality and wellbeing' that red meat provides in an engaging and fun way.

In 2006, the next exciting phase of the 'Red Meat. Feel Good' campaign will be launched around Australia. The campaign targets consumers who continue to restrict red meat on health grounds and will feature a range of television and print advertising. Through extensive research with mums, we know this new campaign is compelling and confronting with the strong message take-out – "red meat is essential – it's a 'must have' food for health and vitality".

In-store point-of-sale



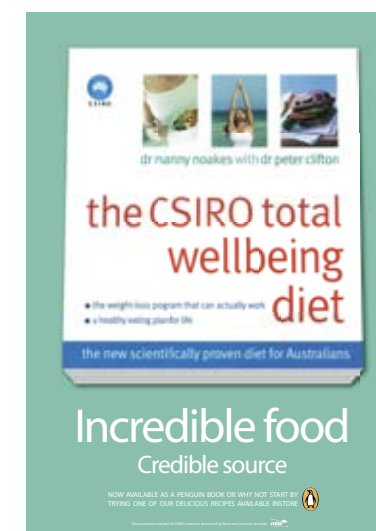
Support from retailers is essential for the campaign to be fully effective as this is where consumers make their final purchase decision. In 2005 'Kid Power' point-of-sale was created to remind mums that kids need 3-4 red meat meals a week for vitality and wellbeing. In 2006 new point-of-sale will appear in butcher stores and supermarkets around Australia to support the new television commercials.

CSIRO Total Wellbeing Diet, an unprecedented success...

The CSIRO Total Wellbeing Diet has attracted enormous consumer and media interest. MLA has funded some of the research that is described in the book.

The diet is a long-term protein-plus eating plan that recommends lean red meat four times a week as well as other nutritious foods. The book was launched in May 2005 and hit the bestseller list with over 300,000 copies sold in the first five months.

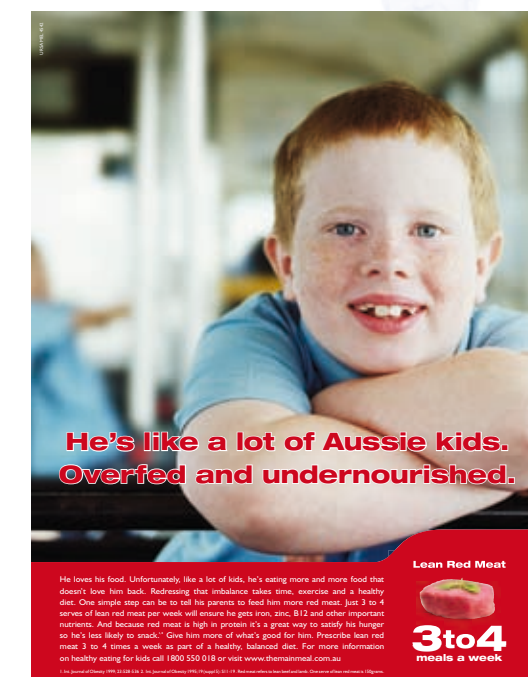
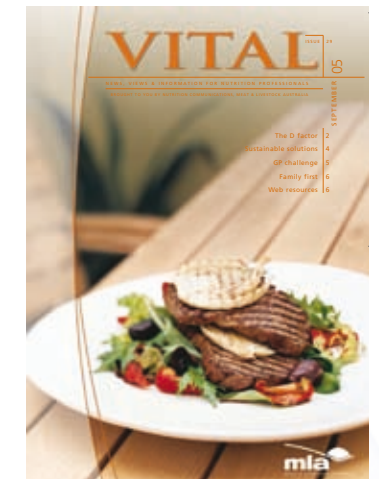
MLA supported Penguin's promotional book launch with a national butcher point-of-sale campaign.



Health professionals' campaign

GPs, dietitians and health organisations continue to be a major source of credible nutrition advice to the community. MLA's health professionals communication program ensures that these professionals are provided with evidence-based advice on red meat's role in the diet.

MLA regularly communicates to this group through seminars; a quarterly publication called Vital; and advertisements placed in medical publications in order to inspire Australian health professionals to think about the importance of red meat in their patients' diets.



Nutrition

We love our Lamb

Serving up quality and enjoyment

We love our Lamb

The 'We love our Lamb' campaign has now been running for over six years. While the campaign has looked quite different from year to year, it has consistently created impact with its tongue-in-cheek manner.

Television commercials demand attention

Recently, an imaginary friend called Stuart and outspoken social commentator Sam Kekovich have been used to show how much Australians love their lamb.

Both of these commercials have achieved widespread awareness and have successfully encouraged Australians to eat more lamb.

Stuart

The 'Stuart' TV commercials show how people will do anything to get more Lamb – they'll even invite their imaginary friend to dinner to get that extra serve. These commercials effectively engaged the target audience and successfully encouraged consumers to put more lamb on their dinner plates.



Sam

The controversial Sam Kekovich 'un-Australian' TV commercial sparked extensive media attention and made lamb the talk of the country, with publicity worth \$2.5m.



Point-of-sale material that stands out

It's at the supermarket or the butcher shop that the final purchase decision is made by the consumer, so our bright, colourful and engaging point-of-sale material aims to catch the consumer's eye and help them make a decision to choose lamb.



Meat Standards Australia (MSA)

MSA is a consumer-based grading program that guarantees the eating quality of red meat under different cooking disciplines. This program has recently been expanded to include sheepmeat as well as beef.



MSA beef

The MSA beef eating quality program continues to experience growth, with a 20% increase in numbers graded for the 2004-05 year.

Over 1,900 retail, foodservice and wholesale employees and operators from over 180 locations across Australia completed MSA end user training in 2004-05. The MSA training modules show participants how to eliminate unsatisfactory eating experiences for their customers, and to capture greater value from beef using muscle seaming and matching cuts to cooking methods.

MSA sheepmeat

The MSA trademark has now been applied to the sheepmeat eating quality program in response to industry demand.

MSA sheepmeat will ensure the identification of quality lamb and sheepmeat products and enable licensed participants to use the trademark as a marketing claim for their product.

MSA believes that the combination of beef and sheep into a single quality mark will further boost the MSA program, both being underpinned by science-based outcomes and driven by industry.



Enjoyment

Making it red meat in retail and foodservice

Foodservice

Foodservice represents around 30% of domestic red meat consumption. This is a constantly changing sector, driven not only by lifestyle and economic trends, but also by fashion. Menu offers need to be constantly refreshed, providing both opportunities and threats for red meat's share of these offers. Further, the boom in the 'casual dining' segment and its dependence on low skilled labour poses continuing risks in the quality and safety of meat meals. MLA works closely with opinion leaders in this area to increase menu share and promote the benefits of red meat's versatility on menus.

Foodservice publications

MLA's foodservice publications highlight the latest red meat menu ideas, encourage chefs to add meals using secondary cuts to their menus and provide inspiration and easy menu ideas for chefs to increase their repertoire of red meat dishes.

- **Chef's Special** is a seasonal magazine distributed to over 10,000 foodservice establishments. The articles highlight the latest beef, sheepmeat and goat meat menu ideas, food trends and food safety issues. Menu changes are made by 48% of Chef's Special readers.
- **World on a Plate** – this publication featured recipes from some of Australia's favourite chefs and was designed to inspire chefs to use secondary cuts of Australian red meat within international cuisines.



Foodservice trade shows

MLA has an ever-increasing presence at the leading foodservice industry trade shows. These trade shows offer the opportunity to showcase red meat – from on-farm developments to industry initiatives and menu development opportunities. These shows play a vital role in giving MLA a physical presence with decision makers within the foodservice sector. They also provide an opportunity to gain a further understanding of the market needs.



Chefs' ambassador program

MLA now has chefs' clubs in all states of Australia. These clubs give chefs the tools and the resources to further develop red meat sales within their businesses. MLA encourages these chefs to be more creative with red meat on their menus and provides inspiration to these chefs by organising chefs' tables events and self-funded tours both within Australia and overseas. These events are a great forum for chefs to network with each other and exchange ideas. MLA also launches new ideas and products to these groups.

- 88% of foodservice professionals claim that the availability of consistent quality red meat influences them to place red meat on their menu.
- 83% of foodservice professionals claim that customer feedback and requests about red meat influences them to place red meat on their menu.
- 80% of foodservice professionals rate red meat quality as seven or more out of 10.
- 84% are prepared to pay more to guarantee the quality of the meat they purchase.

Raising retail standards

MLA works closely with retailers to raise industry standards in presentation, range, quality, promotion and customer service.

MLA's state-based Business Development Managers provide ongoing assistance to independent retailers across Australia, while National Account Managers for Woolworths, Coles and IGA provide category management support for the major supermarkets.

Red meat innovation

As consumers are increasingly becoming time poor, the demand for value-added ready-to-cook meal solutions is increasing. MLA assists red meat retailers in all channels to develop value-added products by undertaking research and development for new products and providing advice and research for packaging and marketing these products.



Red Meat Networking Club

MLA's Red Meat Networking Club helps progressive butchers raise their retail standards by encouraging members to network and share product, selling and value-adding ideas with each other. Self-funded educational tours are also organised for these retail butchers. These tours help butchers identify innovative solutions to common business problems and develop positive ambassadors for the red meat industry.

MLA also helps butchers raise their retail standards by assisting in the development of innovative point-of-sale tools such as touch screen recipe printers and DVDs of cooking demonstrations which butchers can display in-store. These tools help influence customers to purchase more red meat by showing appetising recipe ideas and cooking demonstrations at the point of sale.



Convenience

Marketing red meat around the world

One strength of the Australian meat industry is being able to respond to the needs of our international customers. In combination with other initiatives to assist with market access, ongoing successful marketing support activities have ensured Australian red meat is highly regarded by customers worldwide.

International markets

Australia is the world's largest exporter of red meat and livestock, exporting 65% of its beef, 39% of its lamb, 75% of its mutton and 75% of its goatmeat, to more than 100 countries.

MLA continues to defend and improve access in our international markets. This strategy, combined with our marketing programs, is aimed to differentiate Australian red meat in our export markets by offering greater customer enjoyment.

Australia's 'clean, green' image and our reputation as a reliable supplier of safe, quality red meat underpin MLA's international marketing activities.

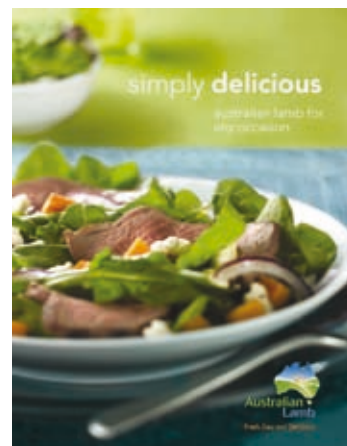
Building demand for red meat around the world

MLA continues to design and deliver marketing programs tailored to each key export market and distribution channel. Programs target retail, foodservice, trade, consumers and access, with the overall objective of increasing returns to Australian meat processors and livestock producers. Structured cooperative marketing programs with exporters and importers strengthen user loyalty and enhance new business opportunities for the Australian red meat industry.

International retail programs



To convince US consumers that Australian lamb is a great choice for quick and easy everyday meals, targeted promotional activities in the US this year included advertising in high profile consumer magazines. The new Australian lamb logo and tagline 'Australian Lamb – Fresh, Easy and Delicious' were also introduced. Other activities included in-store sampling and the distribution of new point-of-sale materials and on-pack stickers.



A new exciting consumer recipe book, *Simply Delicious – Australian Lamb for Any Occasion*, was also launched.

An exciting highlight of the year in Korea was the third anniversary promotion of Australia's flagship beef brand in Korea, Hoju Chungjung Woo (HCW) ('Australian beef – clean and safe'). This was held in conjunction with Korea's top retailers, supermarkets, restaurant chains, importers and wholesalers.



A consumer competition, coordinated retail promotions and education on the nutritional benefits of Australian beef ensured the success of the event. Nearly half a million Koreans entered the competition, and Australian beef sales for the month increased by 26.4%, or \$2.9 million, compared with the previous year.

The strengthening relationship between Australian suppliers and the Korean retail/foodservice trade has seen the HCW brand appearing in Korea's leading department and supermarket stores. MLA has also continued to work on educating both the retail/foodservice trade and consumers in Korea regarding the benefits of using Australian beef.

Such factors, combined with a variety of promotional activities, have seen increased recognition of the HCW brand in Korea. This recognition was highlighted with the award of the prestigious Hankook Ilbo Best Brand Award in the meat category.



To help clearly identify Australian lamb products to French consumers in Paris, MLA introduced a new lamb logo to be used in Monoprix supermarkets.



International Markets

Marketing red meat around the world

In Japan, retailers were encouraged to promote Aussie Beef through a consumer campaign, which involved over 8,000 outlets. MLA also worked collaboratively with 42 exporters, co-funding 172 activities. In addition, MLA assisted 21 beef exporters and producers with meetings in Japan and inspections of the Japanese market place.

Customer loyalty is important and MLA has worked closely with Japanese retailers to maintain as much market share as possible following the anticipated re-entry of US beef. MLA worked with 73 retail chains and over 9,150 outlets. In addition, MLA organised 5,238 in store cooking demonstrations through an estimated 50 chains.



High quality point of sale material promoting the safe, healthy and delicious image of Australian beef were developed and distributed to Japanese outlets, encouraging them to promote Australian beef. Over 40 million retail Aussie beef stickers were distributed.

Recipe leaflets featuring Harumi Kurihara, MLA's opinion leader for Aussie Beef and Lamb, were also developed.

To encourage consumers of Australian beef and lamb to diversify the cuts they are using, a number of cutting manuals have been developed and educational seminars conducted in major markets. In Japan, MLA distributed 25,000 copies of the Cutting Manual and organized 15 cutting demonstrations with a total of 1,059 participants attending.



Sharing of information is important and the MLA International Red Meat Retail Forum in Taiwan gave an opportunity for retailers in the region (including Korea) and the Middle East to network and share ideas, experiences and challenges faced in the meat retailing business in a wide range of markets. Topics covered by speakers at the event included the global meat situation, category management, merchandising initiatives, importance of customer service and a hands-on meat innovation competition.

Helping traders and retailers improve standards, MLA Middle East has created marketing and technical support programs throughout the region, aimed at educating the supply chain. The theme in all communication is that Australian meat is guaranteed halal, naturally raised in a safe environment and delicious to eat.



The rapid growth of modern hypermarkets and supermarkets in the United Arab Emirates and Saudi Arabia has meant that traditional retail channels have come under increasing pressure from the new competition. To retain our market share, MLA conducts training to improve the storage and handling of Australian meat to ensure maximum shelf life and customer satisfaction.



International Markets

Marketing red meat around the world

Foodservice

MLA continues to build relationships with key US foodservice media via product samplings, distribution of seasonal lamb recipes and chef sponsorships such as the Food Arts 'Share Our Strength' championship BBQ and cookout.



The Burj Al Arab team of young chefs from the United Arab Emirates emerged the winner of the final in the MLA Black Box Culinary Challenge . The competition focuses on encouraging the use of innovative beef and lamb cuts in the foodservice sector.

In Korea, the Hoju Chungjung Woo (HCW) brand is widely used in the country's top hotels and major restaurant chains.



MLA initiatives in the Middle East include training programs on product description and improved cutting techniques, which have been held with the executive chefs of some of the region's most exclusive hotels.

Consumer education

As well as traditional Korean retailers, MLA is building strong relations with consumers via home shopping networks, a sector which has proved to be a strong driver of Australian beef sales in recent years. MLA Korea has worked with the CJ Home Shopping Network to create an advertising campaign which sees Australian beef advertised 2-3 times a week for 30 minutes at a time. The volumes being sold through these companies are extraordinary, with an average of between 15-20 tonnes sold during each 30 minute program.



Trade development

Trade shows and promotions provide an opportunity for Australian exporters to showcase their products. MLA Europe participated with two exporters at the SIAL Food Fair in Paris, and has conducted small scale promotions and Master Chef Training classes in Moscow and St Petersburg (Russia), Bucharest (Romania), Belgium and the United Kingdom.



Throughout 2004-05, MLA China has put a significant effort into developing a strong trade network and developing niche markets of high end foodservice. China is Australia's second largest market for lamb exports by volume, totalling 11,129 tonnes in 2004-05. However, most of this product is lower valued manufacturing cuts, which are ideal for the expanding Mongolian hotpot trade in the northern and central regions of China.

Market intelligence China

China was once described as the sleeping dragon. Now it is clear the dragon has definitely woken and its development continues to change the global economy. With a population of over 1.3 billion, China's growth and prosperity, coupled with the development of many leading industries, including agriculture, has created a dynamic and rapidly changing market place.

To ensure the Australian industry was well placed for the changing market structure, MLA developed the China Market Strategy based on extensive research of the Chinese domestic beef, sheep and goat industries.

Additionally, critical to the success of this strategy was the establishment of the MLA office in Beijing, which was formally opened by The Honourable John Howard, Prime Minister of Australia, and Mr David Crombie, MLA Chairman.



There are many changes occurring within China, including an improving livestock sector and changing consumer attitudes due to higher incomes and greater wealth, which impact on the development of Australian red meat in the Chinese market. MLA is focusing research on the Chinese beef and sheepmeat industries and Chinese consumers to better evaluate their development and identify opportunities for Australia.

Stakeholder communications

The MLA South-East Asia/Chinas team conducted a series of presentations to cattle and sheep producers in Queensland, South Australia and Victoria. The main aim of the presentations was to inform producers about the market situation and MLA's international marketing activities.

International Markets

Market access

Strategies that defend and improve access for our meat products in international markets ensure that MLA remains focused on addressing barriers to trade.

The prime role of MLA's European office in Brussels office is to work with the European Commission (EC), European Union (EU) member governments, importers and strategic alliances to advocate increased market access for Australian beef and sheepmeat products. Despite recent reforms to the EU's Common Agricultural Policy, there has been no adjustment to import regimes in spite of the fact that beef and sheepmeat production is decreasing and forecast by the EC to decline further.



- Australia's country specific EU access levels are 7,000 tonnes for high quality beef (HQB) and 18,650 tonnes for sheepmeat – with both quotas currently being filled to within a few tonnes.
- MLA has been involved with the Australian Government in seeking additions to these quotas as compensation for ten new countries joining the EU on 1 May 2004. Any increases, however, are only likely to be marginal.

Industry delegations, including visits by the Sheepmeat Council of Australia, were made to Geneva and Brussels to reinforce with government negotiators the need to reform the EU import regime.

MLA has also been working with government and industry on a request to the EC to revise the current specification applicable to Australian high quality beef. This should see removal of the upper carcase weight limit from early 2006.



Working to improve market access

The major access development this year was the Australia/US Free Trade Agreement (FTA) coming into force on 1 January 2005. This resulted in the immediate elimination of the US\$4.4¢/kg tariff on Australian beef and the elimination of most tariffs on sheepmeat. Despite the FTA, a number of US access issues remain, including proposals for mandatory 'country of origin' labelling, BSE protocols and safe handling labels.

A market access plan for Mexico was developed with the aim of securing a reduction in local duties. Mexico has now signalled it will not enter into a bilateral agreement outside an FTA, so preliminary work has commenced on building a Mexico/Australia coalition to push for such an agreement.

Livestock exports

Following China's accession into the WTO, Australian and China signed a new health protocol for allowing Australian beef, sheep and goatmeat to be imported for general consumption. China has approved 45 establishments.

- Australia is the world's largest and most successful livestock exporter with 624,000 cattle, 3.2 million sheep and 44,000 goats exported in 2004-05.
- Live exports were worth \$674.5 million FOB and provided around 9,000 jobs to regional Australia.
- The live export industry provides a substantial market for Australian sheep, cattle and goat producers, forecasted to account for around 6% of cattle and 23% of adult sheep turnover in the 2005-06 year.

The MLA/LiveCorp Livestock Export Program supports this important industry with activities and tools to foster its growth.



The Middle East

The overall focus of the Middle East program is to work towards improved animal welfare by demonstrating the economic benefits of healthier, less stressed animals to feedlot and abattoir operators. Major activities include upgrading animal husbandry skills in feedlots and ports, nutrition and heat stress training in feedlots and improving efficiency in abattoirs.



Another key component is industry and government collaboration on market access issues to increase opportunities for Australian exporters and producers.

Asia Pacific

The next 12 months will see major investment in the promotion of beef from Australian cattle at a retail level in Australia's largest cattle market, Indonesia. Education and sales incentive programs will also be held in the more traditional wet markets.

The Asia Pacific program will continue with animal welfare improvements, technical support to importers and maintaining and improving market access.

Research and development

Research and development will remain focused on ensuring community concerns over animal welfare are met and productivity is boosted along the supply chain. This year an extension officer will be employed to effectively communicate research and development outcomes to industry.

Technical services

Over the next 12 months a range of training and tools will be offered to ensure the industry operates in a robust risk management environment, as well as assisting industry to meet regulations. Activities planned include risk management and compliance software, and providing shipboard training for stockmen.



International Markets



Published November 2005
© Meat & Livestock Australia Limited
ABN 39 081 678 364
Level 1, 165 Walker Street,
North Sydney NSW 2060
Ph: +61 2 9463 9333
Fax: +61 2 9463 9393
www.mla.com.au

This publication is published by
Meat & Livestock Australia Limited
ABN 39 081 678 364 (MLA).
Care is taken to ensure the accuracy
of information in the publication, however
MLA cannot accept responsibility for the
accuracy or completeness of the information
or opinions contained in the publication.
Readers should make their own enquiries
in making decisions concerning
their interests.